

HOUSE BILL NO. 653

INTRODUCED BY POMNICHOWSKI, ERICKSON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE ADJUSTMENT OF BASE TAXABLE VALUE IN AN URBAN RENEWAL AREA, AN INDUSTRIAL DISTRICT, OR A TECHNOLOGY DISTRICT FOR TAX INCREMENT FINANCING PURPOSES BECAUSE OF A LOCAL DISASTER; AMENDING SECTION 7-15-4293, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-15-4293, MCA, is amended to read:

"7-15-4293. Adjustment of base taxable value following change of law or local disaster. (1) If the base taxable value of an urban renewal area, an industrial district, or a technology district is affected after its original determination by a statutory, administrative, or judicial change in the method of appraising property, the tax rate applied to it, the tax exemption status of property, or the taxable valuation of property if the change in taxable valuation is based on conditions existing at the time the base year was established, the governing body of the municipality may request the department of revenue to estimate the base taxable value so that the tax increment resulting from the increased incremental value is sufficient to pay all principal and interest on the bonds as those payments become due.

(2) If a tax increment financing district created after January 1, 2002, has not issued bonds, the governing body of a municipality may request the department of revenue to adjust the base taxable value to account for a loss of taxable revenue resulting from the state granting property in the district tax-exempt status within the first year of creation of the tax increment financing district. The municipality shall give notice of and hold a public hearing on the proposed change.

(3) (a) If an urban renewal area, an industrial district, or a technology district suffers a loss of property value directly related to a disaster for which the principal executive officer of the local jurisdiction has made a disaster declaration pursuant to 10-3-402, the department OF REVENUE shall decrease the base taxable value of the increment AREA OR DISTRICT by the amount of the base taxable value lost because of the disaster in the tax year in which the disaster is declared. The principal executive officer shall forward a copy of the disaster declaration to the department OF REVENUE.

(b) The taxable value removed from the base taxable value of the ~~increment~~ AREA OR DISTRICT under subsection (3)(a) must be added to the base taxable value of the ~~tax increment~~ AREA OR DISTRICT upon reconstruction of the property in the tax year of reconstruction. IF RECONSTRUCTION OF THE PROPERTY IS ONLY PARTIALLY COMPLETED AS OF JANUARY 1 OF THE TAX YEAR, THE DEPARTMENT OF REVENUE SHALL DETERMINE THE BASE TAXABLE VALUE OF THE PROPERTY FOR THAT TAX YEAR BY MULTIPLYING THE PERCENTAGE OF COMPLETION, EXPRESSED AS A DECIMAL EQUIVALENT, OF RECONSTRUCTION OF THE PROPERTY BY THE ORIGINAL BASE TAXABLE VALUE OF THE PROPERTY. The addition to the base taxable value under this subsection (3)(b) is limited to the amount of the original base taxable value of each parcel before the disaster occurred."

COORDINATION SECTION. SECTION 2. COORDINATION INSTRUCTION. IF SENATE BILL NO. 48 IS PASSED AND APPROVED AND IF IT INCLUDES A SECTION THAT AMENDS 7-15-4293, THEN [SECTION 1(3) OF THIS ACT] MUST READ AS FOLLOWS:

"(3) (a) If an urban renewal area, an industrial district, a technology district, or an aerospace transportation and technology district suffers a loss of property value directly related to a disaster for which the principal executive officer of the local jurisdiction has made a disaster declaration pursuant to 10-3-402, the department of revenue shall decrease the base taxable value of the area or district by the amount of the base taxable value lost because of the disaster in the tax year in which the disaster is declared. The principal executive officer shall forward a copy of the disaster declaration to the department of revenue.

(b) The taxable value removed from the base taxable value of the area or district under subsection (3)(a) must be added to the base taxable value of the area or district upon reconstruction of the property in the tax year of reconstruction. If reconstruction of the property is only partially completed as of January 1 of the tax year, the department of revenue shall determine the base taxable value of the property for that tax year by multiplying the percentage of completion, expressed as a decimal equivalent, of reconstruction of the property by the original base taxable value of the property. The addition to the base taxable value under this subsection (3)(b) is limited to the amount of the original base taxable value of each parcel before the disaster occurred."

NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

NEW SECTION. SECTION 4. RETROACTIVE APPLICABILITY. [THIS ACT] APPLIES RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO TAX YEARS BEGINNING AFTER DECEMBER 31, 2008.

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